

**STATE OF MICHIGAN  
DEPARTMENT OF LABOR & ECONOMIC GROWTH  
OFFICE OF FINANCIAL AND INSURANCE SERVICES**

**Before the Commissioner of the Office of Financial and Insurance Services**

**In the Matter of:**

**Jordan River Resources**

**Enforcement Case No. 05-3497**

**Eric Merkle**

**Jay Merkle**

**Joseph Blimline**

**Sharon Stickel**

**Respondents**

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*Issued and entered  
on July 21, 2006  
by Richard D. Lavolette  
Chief Deputy Commissioner*

**ORDER TO CEASE AND DESIST,  
SUMMARILY REVOKING CERTAIN EXEMPTIONS,  
REQUIRING RESCISSION OFFER,  
AND IMPOSING CIVIL PENALTIES**

The Office of Financial and Insurance Services (hereafter “OFIS”) of the Michigan Department of Labor and Economic Growth, pursuant to the Administrative Procedures Act of 1969, 1969 PA 306, as amended; MCL 24.201 *et seq.*; the Michigan Uniform Securities Act, 1964 PA 265, as amended; MCL 451.501 *et seq.* (hereafter “Act”), and the rules promulgated under the Act, says that:

**A. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

1. Respondent Jordan River Resources, Inc., (hereafter “Jordan River”) is a corporation organized under the laws of the State of Nevada with its Resident Agent located at 101 Convention Center Drive #700, Las Vegas, Nevada 89109.
2. Jordan River’s Executive Office and principal place of business is located at 781 Progress Court, Williamston, Michigan 48895.
3. Respondent Eric Merkle (hereafter “E. Merkle”) is the Chief Executive Officer and a Director of Jordan River who is located at 781 Progress Court, Williamston, Michigan 48895.
4. Respondent Jay Merkle (hereafter “J. Merkle”) is the President and Director of Jordan River who is located at 781 Progress Court, Williamston, Michigan 48895.
5. Respondent Joseph Blimline (hereafter “Blimline”) is the Director of Operations and a Director of Jordan River who is located at 781 Progress Court, Williamston, Michigan 48895.
6. Respondent Sharon Stickel (hereafter “Stickel”) is the Treasurer/Secretary of Jordan River who is located at 781 Progress Court, Williamston, Michigan 48895. Jordan River, E. Merkle, J. Merkle, Blimline, and Stickel are collectively referred to hereinafter as “Respondents.”
7. On May 11, 2004, OFIS received from Jordan River a Regulation D, Rule 506 Notice Filing evidencing the offering and sale of “Series 2004 Class A 3% Cumulative Preferred Stock” and “Series 2004 Class B 2% Cumulative Preferred Stock” (collectively referred to hereinafter as the “2004 Stock Offering”).
8. As of December 31, 2004, Respondents sold the 2004 Stock Offering to over 35 non-accredited investors throughout the United States, including over 35 non-accredited investors who reside in the State of Michigan within a 12-month period. Thus, Respondents have sold the 2004 Stock Offering to more than 35 non-accredited investors within a 12-month period, which exceeds the maximum number of non-accredited investors allowed under federal Regulation D, Rule 506.
9. Due to Respondents selling the 2004 Stock Offering to more than 35 non-accredited investors within a 12-month period, the 2004 Stock Offering is not an exempt offering under Regulation D, Rule 506 and is subject to Section 301 of the Act, MCL 451. 701.
10. Respondents have not registered the 2004 Stock Offering, nor have they perfected an exemption for the 2004 Stock Offering under Federal Regulation D or Section 402 of the Act, and the 2004 Stock Offering is not a federally covered security.

WHEREAS, Rule 451.803.7(7) states in part: "The conditions and number of purchasers provided for in the act are waived or modified to provide for exemption of any securities if offered or sold in compliance with Federal Regulation D"; and

WHEREAS, Regulation D, Rule 506 deems offers and sales of securities by an issuer to be transactions not involving any public offering within the meaning of Section 4(2) of the Securities Act of 1933 if they satisfy the conditions set forth in paragraph (b) of Regulation D, Rule 506; and

WHEREAS, paragraph (b)(2)(i) of Regulation D, Rule 506 states in part: "There are no more than or the issuer reasonably believes that there are no more than 35 purchasers of securities from the issuer in any offering under Rule 506"; and

WHEREAS, Rule 501(e) of Regulation D calculates that the following are excluded from the definition of purchaser:

1. Any relative, spouse, or relative of the spouse who has the same principal address as the purchaser;
2. Any trust or estate in which a purchaser and any of the persons related to him as specified in paragraph (e)(1)(i) or (e)(1)(iii) of this section collectively have more than 50 percent of the beneficial interest (excluding contingent interests);
3. Any corporation or other organization of which a purchaser and any of the persons related to him as specified in paragraph (e)(1)(i) or (e)(1)(ii) of this section collectively are beneficial owners of more than 50 percent of the equity securities (excluding directors' qualifying shares) or equity interests;
4. Any accredited Investor; and

WHEREAS, the records of OFIS disclose that the Respondents have sold the 2004 Stock Offering to more than 35 purchasers who were non-accredited investors with a 12-month period; and

WHEREAS, Section 301 of the Act, MCL 451.701, makes it unlawful for any person to offer or sell any security in this State unless 1 of the following is met:

1. It is registered under this Act;
2. The security or transaction is exempted under Section 402, MCL 451.802;
3. The security is a federally covered security; and

WHEREAS, Respondents' 2004 Stock Offering has not been registered under the Act, do not qualify for an exemption under Section 402 of the Act, MCL 451.802 and is not a federally covered security; and

WHEREAS, based on the foregoing, OFIS Staff recommends that the Commissioner find that Respondents Jordan, E. Merkle, J. Merkle, Blimline, and Stickel have engaged in acts and practices that violate Section 301 of the Act, MCL 451.701 and the Rules promulgated under the Act; and

WHEREAS, this action is necessary, appropriate, and in the public interest for the protection of the public and is consistent with the purposes fairly intended by the policy and provisions of the Act.

**B. ORDER**

Based upon the foregoing findings of fact and conclusions of law, **IT IS HEREBY ORDERED**, pursuant to Section 408 of the Act, MCL 451.808, that:

1. Respondents Jordan, E. Merkle, J. Merkle, Blimline, and Stickel shall immediately **CEASE AND DESIST** from violating the Act, including but not limited to Section 301 of the Act, MCL 451.701, by refraining from offering and/or selling any unregistered, non-exempt securities in the State of Michigan;
2. Based upon Respondents Jordan, E. Merkle, J. Merkle, Blimline, and Stickel's violations of the Act, and because the Administrator finds that it would be in the public interest, Respondents' exemptions under Section 402(b) of the Act, MCL 451.802(b) are hereby **SUMMARILY REVOKED** for all purposes provided under Section 408(c) of the Act, MCL 451.408(c) including but not limited to Respondents' right to engage in transactions otherwise exempt under Section 402(b) of the Act, MCL 451.802(b) in the future absent compliance with the registration provisions of the Act;
3. Respondents shall provide notice to all citizens of the State of Michigan, whether individuals or business organizations, that purchased the "Series 2004 Class A 3% Cumulative Preferred Stock" or "Series 2004 Class B 2% Cumulative Preferred Stock" (the "Michigan Investors"), informing them that these securities were not registered as required by Section 301 of the Act, MCL 451.701. The notice shall further inform the Michigan Investors that upon the investor's request and tender of the securities back to Jordan River, Respondents will refund the consideration paid for such securities, together with costs and interest at the rate of 6% per year from the date of payment, less the amount of income received on the security, as provided by Section 410(a) of the Act, MCL 451.810(a). In the event that the Michigan Investor no longer owns the securities, Respondents shall refund the amount that would be payable upon tender as set forth above, less the value of the security when the investor disposed of it, together with interest at the rate of 6% per year from the date of disposition. The notice containing the rescission offer shall be accompanied by documents making full written disclosure about Jordan River's financial and business condition and the financial and business risks associated with the retention of the securities. The notice must additionally

provide the Michigan Investors at least thirty (30) days from the date of receipt in which to accept or reject the rescission offer. Respondents shall obtain OFIS' approval of the notice containing the rescission offer and accompanying disclosure documents before providing them to the Michigan Investors.

Upon the acceptance of the rescission offer and tender-back of the security by any Michigan Investor, Respondents shall promptly remit any amounts due and owing to the Michigan Investor pursuant to the above calculations; and

4. Having considered Respondents' present actions, the possibility of Respondents' future violations of the Act, the actions taken by Respondents in an effort to mitigate the harm their conduct caused or may cause to the public, and other facts and circumstances relating to this matter, a **CIVIL PENALTY** is hereby imposed against each of the Respondents as follows:

- (a) Jordan River Resources, Inc. shall pay a civil penalty in the amount of \$1,000.00.
- (b) Eric Merkle shall pay a civil penalty in the amount of \$1,000.00.
- (c) Jay Merkle shall pay a civil penalty in the amount of \$1,000.00.
- (d) Joseph Blimline shall pay a civil penalty in the amount of \$1,000.00.
- (e) Sharon Stickel shall pay a civil penalty in the amount of \$1,000.00.

Respondents shall pay these civil penalties within thirty (30) days after the date this Order is entered.

The Administrator reserves the right to pursue such other and further relief against Respondents that she deems necessary and appropriate, including but not limited to bringing an action in circuit court to secure a permanent or temporary injunction, restraining order, order requiring an accounting or disgorgement, and/or writ of mandamus against the Respondents, or for the appointment of a receiver or conservator with respect to Respondent Jordan River or its assets.

**PLEASE BE ADVISED** that your failure to comply with the terms of this ORDER may subject you to additional sanctions, fines, and/or penalties, including but not limited to the following:

- (a) The imposition of additional civil penalties of not more than \$1,000 for each violation of this Act, not to exceed a total of \$10,000; and/or
- (b) Pursuant to Section 409 of the Act, MCL 451.809, any willful violation of certain provisions of the Act shall, upon conviction, result in a fine of not more than \$25,000 for each violation, or imprisonment for not more than 10 years, or both.

**C. REQUEST FOR HEARING**

You may file with the Administrator **within 15 days after service of this Order** a written request for a hearing. The Administrator, within 15 days after your filing, shall issue a notice of hearing and set a date for the hearing. Any request for a hearing should be addressed to: The Office of Financial and Insurance Services, Attention: Hearing Coordinator Dawn Kobus, P.O. Box 30220, Lansing, Michigan 48909.

If you do not request a hearing, or it is not ordered by the Administrator within 15 days, this Order will stand as entered and will be **FINAL**.

It is important to understand that any statements that you present in response to this Order may be used against you at a hearing. It is also important to understand that you have the right, at your own expense, to have an attorney assist you at a hearing.

Any other communication regarding this Order should be addressed to the Office of Financial and Insurance Services, Attention: William Peattie, P.O. Box 30220, Lansing, Michigan 48909.

MICHIGAN DEPARTMENT OF  
LABOR & ECONOMIC GROWTH



By: \_\_\_\_\_  
Richard D. Lavolette  
Chief Deputy Commissioner  
Office of Financial and Insurance Services

Dated: July 21, 2006